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SUMMARY

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THE INDUSTRIAL ESTATE : SOCIAL TECHNOLOGY FOR ECONOMIC DEVELOPMENT

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THE INDUSTRIAL ESTATE - SOCIAL TECHNOLOGY FOR ECONOMIC DEVELOPMENT

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1. Experience over the past decade supports the view that industrial estates can be a powerful method of fostering industrial development. While the most extensive experience exists in North America and the United Kingdom, a good demonstration of the development possibilities of industrial estates is underway in the large Indian program. Many other countries are now initiating industrial estates programs. There is a growing tendency to use industrial estates with the objective of furthering regional industrial dispersal as many economies are being faced with economic and political problems resulting from disparate regional income and living conditions.

2. In addition, of course, good economic reasons buttress the utilization of industrial estates for purposes of industrialization. The clustering of many firms on an industrial estate is the basic principle on which the economic advantages of this mechanism for development is founded. Economies of scale in the development of such a project are very substantial in many aspects, including procurement of a suitable tract of land, and the provision of land improvements, roads, utilities and possible factory facilities. Individual industrial occupants benefit directly from the acquisition of more economical facilities, a reduction in time required to enter the business, and a more suitable industrial location. Significant external economies are an indirect benefit to the industrialist obtainable in such advantages as better transportation facilities, availability of industrial services, easier financing of the physical facilities and equipment, and possibly easier access to technical assistance.

3. Urban communities acquire social benefits from the automatic zoning of industry achieved by industrial estates, and the more orderly process of urban growth derived from their use. From a national viewpoint, the advantages appear to be several. Industrial estates permit a more manageable administration of the process of industrialization particularly of the small and medium scale industrial sector where the need to handle a mass of industrial firms represents a major administrative problem. By managing the location of large clusters of enterprises instead of individual firms, the location of industry can be controlled and directed more in accordance with community and national interests. It is on this account that there has been a growing use of industrial estates for decentralizing industry to less developed regions. The opportunities of doing this effectively are probably greater than realized, especially if the idea of integrating them into the founding of regional industrial complexes is more fully appreciated. On the other hand, there are real economic dangers of extending industrial estates too soon or on too large a scale particularly if the physical infrastructure and social amenities are insufficiently developed to attract branch plants and new entrepreneurship.

4. This last problem suggests the fact that the industrial estate cannot be considered a complete device for industrialization despite its many excellent features. It is a key mechanism but other essential services required by industrialists must be integrated with it--financing, technical services, and the training of personnel, among others. Moreover, the industrial estate should be used for the modernization of industry in the process of moving it from the slums to better facilities, by using the opportunity to raise it to a higher technological level of operation. Unless this is done, considerable unnecessary investments could be made in brick, mortar, and steel without concomitant improvements in industrial productivity.

5. Finally, there is the promise that industrial estates may be used in facilitating private foreign investment to the small industry sector. This possibility of reducing the administrative overhead and risk while transferring large investments is a tremendous advantage. It may also be applied in the administration of foreign aid programs as well as international loans where the same problems are involved in dealing with small and medium scale industry.

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